

8/18/77 [1]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/ att.	From Brzezinski to The President (3 pp.) re: Schedule Clarifications (2 copies) enclosed in Hutcheson to Brzezinski 8/18/77 <i>opened per RAC, 2/7/13</i>	8/16/77	A
memo w/ att.	From Brzezinski to The President (2 pp.) re: Correspondence with President Siad of Somalia <i>opened per RAC, 2/7/13</i>	8/18/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec. Pres. Hand-writng File 8/18/77 [1] Box 44

RESTRICTION CODES

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- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 18, 1977

C

MEMORANDUM FOR THE PRESIDENT

FROM: Bob Lipshutz

gls

Summarizing the Bert Lance analysis I wish to call your attention to the following:

1. The letter of transmittal from the Comptroller setting out his procedures, matters not completed or covered in the report and four basic conclusions.
2. The detailed report in which he sets out all pertinent information concerning thirteen specific allegations which have been reported in the press. The report of each of these items is set forth in three divisions: caption; factual information; and conclusion.
3. A supplementary summary which I have prepared and which simply presents the information and conclusions of the Comptroller in a somewhat different manner, attempting to emphasize the information and conclusions which appear to me to be most significant.
4. A memorandum from me giving a more detailed analysis concerning the Calhoun National Bank overdraft question.
5. A memorandum relating to the continuing investigation concerning the use of the National Bank of Georgia airplane and related entertainment expenses (one of those items not reported upon at this time by the Comptroller).

I also wish to emphasize that the internal investigation of the Comptroller's office is continuing and presumably will continue for another three or four weeks, but call your attention to his statement in the letter of transmittal which appears to almost completely absolve Bert Lance himself from any possible involvement.

**Electrostatic Copy Made
for Preservation Purposes**

MEMORANDUM OF INFORMATION FOR THE FILE

DATE August 18, 1977

~~LETTER, MEMO, ETC.~~

TO:

FROM:

SUBJECT: President's Reading Copy of Statement on Bert Lance

EXECUTIVE

FR 6-11

PR 5-2

PEI

PR 14-8

SP

CORRESPONDENCE FILED

PRESIDENTIAL
HANDWRITING FILE

RECEIVED
SEP 3 1977
CENTRAL FILES

RE: BERT LANCE MATTER

A review of the Comptroller's report of August, 1977, reached four basic conclusions which are set out in the letter of transmittal.

A further analysis of this detailed report also shows the following conclusions in the thirteen specific allegations which were investigated and analyzed.

1. In the matter involving Mr. Lance not filing certain required banking reports with his banks, relating to his personal loans and interests elsewhere, the Comptroller stated that the corrective action in this type of situation would be for the Comptroller to direct that such reports be filed forthwith.
2. In connection with the Comptroller's analysis of the recurring pattern of shifting bank relationships and personal borrowing, he stated that this raises unresolved questions of what constitutes acceptable banking practices generally, and indicated that a review of the current laws and regulations would be desirable.
3. In the case of the Calhoun overdraft question, the Comptroller determined that this was an instance of unsafe and unsound banking practices relative to its officers, directors and their families (and in some instances constituted loans in excess of permissible limits). The overdraft practice was corrected pursuant to a written agreement between the bank and the Comptroller. After its earlier examination, the Comptroller referred any questionable matters to the Justice Department which extensively reviewed it in 1976. The matter was reviewed by the Fraud Section of the Criminal Division of the Department, by the United States Attorney for the Northern District of Georgia, and ultimately by the Assistant Attorney General in charge of the Criminal Division. Justice determined that no prosecution or other action was warranted and closed its file.
4. Except as outlined above, the Comptroller found no violation of applicable laws or regulations, or improprieties, relating to loans or deposit accounts or any other matter.

RE: BERT LANCE MATTER

The following are pertinent facts concerning allegations relating to Bert Lance's use of the airplane owned by the National Bank of Georgia. As of the time when the Comptroller of the Currency is releasing his report concerning Bert Lance, the examination of all pertinent records, etc., had not been completed; and therefore a final report on this particular matter has not yet been rendered.

It is apparent that Bert Lance used this airplane extensively and also incurred other expenses, which both the bank and he have attributed to entertainment and business solicitation on behalf of the bank.

Attached is a copy of a letter to the Comptroller of the Currency dated August 10, 1977, from officers and directors of the bank relating to this matter.

It is presumed that, if the Comptroller of the Currency decides to proceed further with this matter after examining all of the records, he well might ask for additional documentation or other proof relating to the business relevancy of some of these trips and expenditures. However, it should be noted from this letter that the Board of Directors of the Bank "was aware of and encouraged Mr. Lance to use the aircraft in whatever way would benefit the bank in its promotion of state-wide agri-business development, increased correspondent bank relationships, and multi-bank holding company possibilities". Without trying to prejudge the outcome of this inquiry, it would appear that:

1. Bert Lance had very broad discretion in the use of this airplane and in the incurring of related entertainment expenses.
2. Should it be determined that some of these trips or entertainment expenses are not properly chargeable to the bank as a deductible business expense, the primary adjustment would be by requiring an amendment to income tax returns of the bank and/or Mr. Lance, and/or possible billing by the bank to Mr. Lance for some portion of these expenses.

After completion of the Comptroller's inquiry, should the matter then be subjected to review for income tax purposes, it probably would take several months to complete such a study and analysis.

Following are pertinent facts concerning allegations relating to overdrafts at the Calhoun National Bank in 1974 with reference to the Bert Lance campaign for governor of Georgia.

According to the full field investigation report of the FBI in January of 1977, the following facts appear to be particularly pertinent.

1. The TBL operating account was overdrawn, from time to time, between January 8, 1974, and December 16, 1974: a maximum of \$76,420 on March 16, 1974; \$21,226 on June 25, 1974; and thereafter a nominal amount less than \$500.
 2. The Bert Lance Campaign Committee account was overdrawn, from time to time, from May 16, 1974, to December 16, 1974: \$99,529 on July 1, 1974; \$72,053 on July 8, 1974; and the largest amount of \$152,161 on December 16, 1974.
 3. Throughout this period of time the bank held an unlimited guarantee of the overdrafts from Bert Lance, and also Lance had on deposit at all times at least the sum of \$110,000 as evidenced by a savings certificate of the bank. (Also, although not indicated by the FBI report, Mr. Lance and Calhoun Bank officials advise that at all times he also had on deposit in his other accounts a sum in excess of \$100,000.)
 4. These matters were reviewed and acted upon by the following: the attorney for the Enforcement and Compliance Section of the Comptroller of the Currency; the attorney for the Fraud Section, Criminal Division, Department of Justice; the attorney for the Division of Enforcement and Compliance, Office of the Comptroller of the Currency, Department of the Treasury; the chief of the Fraud Section, Criminal Division, Department of Justice; and the United States Attorney for the Northern District of Georgia.
- The apparent purpose of these reviews was to determine if there should be criminal prosecutions of "possible violations" of the

criminal law of the United States, and particularly United States Code Title 18, Section 610, 656, and 1005. The final determination was that there were no violations, and the matter was closed.

5. The Office of the Comptroller of the Currency took administrative action relative to these matters by entering into a formal agreement with the Calhoun National Bank for the purpose of prohibiting the bank from any further participation in any form by the bank in any campaign for political office whether by Mr. Lance or by any official or director of the bank, except as permitted by statute or ruling, and then only if the written approval of the Comptroller of the Currency was obtained.

6. In addition to the foregoing public officials who reviewed this matter, the following persons also concurred in the same conclusion: the Regional Administrator of National Banks, Sixth Regional District, Comptroller of the Currency, Department of the Treasury; and the Director of Enforcement and Compliance, Office of the Comptroller of the Currency. And also, according to a news story in The Washington Post on August 16, 1977, the assistant Attorney General in the Criminal Division of the Justice Department reviewed the handling of the case in December, 1976, after the file was closed by the U. S. District Attorney, and came to a similar conclusion as the other persons who had handled the matter.

7. Criticism by some of these public officials regarding this matter included such observations as: "irregularities at the Calhoun bank"; "no lawful wrongdoings on behalf of Mr. Lance or any of the bank's officers concerning the irregularities"; "no loss sustained by the bank"; "personal guarantee on file with the bank which would cover..."; "where unit banking is required, as a general rule, bank audits uncovered sloppy book-keeping"; "it is not at all uncommon for such examinations to uncover overdrafts in checking accounts that are maintained by bank officer(s) and that this type of thing is generally found in

small rural banks..."; "rural banks lacking ..sophistication";
"no intent to violate the law was found"; "no attempt to disguise,
hide or destroy the relevant records"; "no effort to cover-up
the bank's involvement in this matter"; "the bank has suffered no
loss in connection with advance payments for campaign expenses
and the honoring of hot checks"; "it is necessary to impress the
Board of the seriousness with which the (Comptroller's) Office
view the unsafe and unsound conduct demonstrated by the
handling of the campaign expenses"; (therefore the Comptroller
urged that the agreement between the Comptroller and the bank
referred to above, be entered into as a means of the Comptroller's
expressing his concern to the Board).

ROBERT P. GUYTON
PRESIDENT

August 10, 1977

Mr. John G. Heimann
Comptroller of the Currency
Administrator of National Banks
490 L'Enfant Plaza East, S. W.
Washington, DC 20219

Dear Mr. Heimann:

Enclosed is the special report as directed in your letter dated August 2, 1977, pursuant to 12 USC 161. We have expended every effort to furnish all requested information based on records and data available to us. The following schedules are enclosed:

- Schedule A. Aircraft Owned - January 1, 1975 to Present
- Schedule B. Aircraft Rental - January 1, 1975 to Present
- Schedule C. List of Flights Taken - Bank Owned or Leased
 Aircraft - January 1, 1975 to Present
- Schedule D. I. Expenses Paid to Vann Warren or Paid Through
 "Vann Warren - Aircraft Account #1-14-598-3"
 - January 1, 1975 to Present
- Schedule D. II. Other Aircraft Related Expenses Paid Directly
 by NBG Expense Check (Not Paid Through "Vann
 Warren - Aircraft Account #1-14-598-3"
- Schedule D. III. Aircraft Expenses Reimbursed to NBG - January 1,
 1975 to Present

It should be noted that certain information requested could not be ascertained from bank records. The information contained in Schedule C was obtained from daily flight tickets maintained by the pilot. You will note purpose codes indicated for commercial business, correspondent bank business, trust business and executive commuting, all of which are considered by The National Bank of Georgia to be legitimate bank expenses. Flights coded as "unknown" as to purpose of flight are presumed by us to be business related and legitimate bank expenses, but records are not sufficient to make a definite determination.

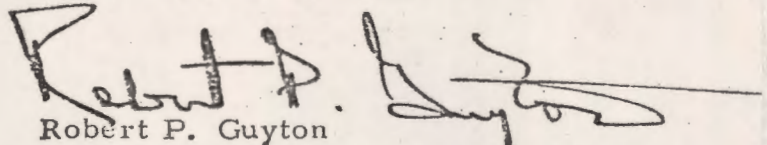
August 10, 1977

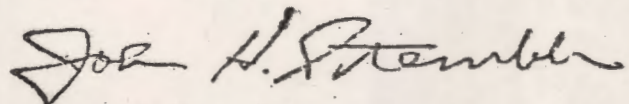
The expense amounts listed in Schedules D.I. and D.II. were obtained from bank records. While certain expense amounts could not be directly associated with specific flights, and detailed information describing the use of goods or services provided was not available, they are presumed by us to be legitimate business expenses. It should also be understood that the Board of Directors was aware of and encouraged Mr. Lance to use the aircraft in whatever ways would benefit the bank in its promotion of state-wide agri-business development, increased correspondent bank relationships, and multi-bank holding company possibilities.

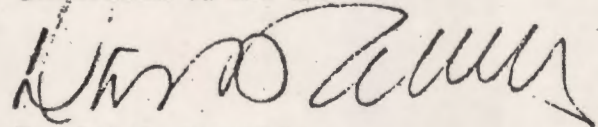
Please allow us to emphasize that in preparing this report we have provided fully all information now available to us. Your written request was much more definitive and in detail than had been the case during your examination last winter. This caused us to do much more extensive research and has caused us to obtain additional records and information from the pilot that were not in our possession at the time of your previous requests for similar information.

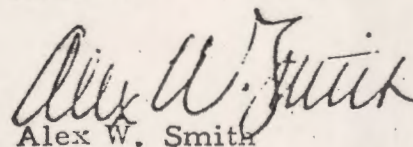
The undersigned attest to the truth and accuracy of this information as presented, to the best of our knowledge and belief.

Sincerely yours,


Robert P. Guyton
President and Chief Executive Officer


John H. Stembler
Chairman of the Board


Daniel B. Pattillo
Director


Alex W. Smith
Director

RPG:kl
Enclosures

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

August 18, 1977

Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Tim Kraft

RE: SCHEDULE CLARIFICATIONS

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

Mr. President:

Tim Kraft opposes making a commitment for a Zayid visit at this time, pointing out that in the August 5 memo, Brzezinski questioned the need for the visit.

I am not submitting an August 15 memo from Brzezinski on the Zayid visit, as it adds little information to the attached August 16 memo.

Rick

THE WHITE HOUSE
WASHINGTON

Aug 2 to B

ACTION
FYI

<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input checked="" type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

~~CONFIDENTIAL~~THE WHITE HOUSE
WASHINGTON~~CONFIDENTIAL~~

August 16, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB*
SUBJECT: Schedule Clarifications

1. You asked that two weeks be set aside in your schedule this fall, free of any visitors. I will work this out. Am I right in assuming that you may wish to take that time for the trip that you and I have on occasion discussed? *(It looks like Oct. 20 - Nov. 15)*

Yes ✓ No

2. As the enclosed sheet indicates, you did not check off on Jorgensen of Denmark and Zayid of United Arab Emirates. The recommendation to invite Jorgensen is based on the fact that he will be the head of the Council of the European Communities. My doubt is based on the fact that you have a heavy schedule already and that you saw him in London during the Summit.

The recommendation to invite Zayid is due to the fact that the UAE has been very sound and positive on oil prices and quite helpful to us. My doubt is due to the fact that you have met a lot of Arabs already and that nothing more is to be gained at this stage.

With respect to Boumediene of Algeria and Nourira of Tunisia, the disagreement between State and NSC on sequence can be explained as follows: Tunisia is more friendly to us and hence State favors inviting Nourira first; I favor inviting Boumediene first because Algeria is potentially much more important both economically and politically. Boumediene has been giving indications of some shift away from a radical position, and he could be quite helpful to you in regards both to the Middle Eastern problem and to African issues more generally. He is also more of a world statesman than Prime Minister Nourira (who is a subordinate of President Bourguiba).

~~CONFIDENTIAL~~

CONFIDENTIAL

DECLASSIFIED
Per: Rac Project
ESDN: NLC-12C-8-411-1-7
BY: KS NARA DATE: 2/6/13

~~CONFIDENTIAL~~

-2-

DECISIONS:

Jorgensen - invite for January _____ ✓

postpone _____

Zayid - invite during Spring of '78 _____ ✓

postpone _____

Boumediene - invite during the first half of '78 _____ ✓

invite during second half of '78 _____ *alternate sk*

Nouira - invite during first half of '78 _____ ✓

invite during second half of '78 _____

J

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

CONFIDENTIAL

STATE AND NSC
RECOMMENDATIONS OF STATE/OFFICIAL VISITS
FOR JANUARY TO JUNE, 1978

Europe

Prime Minister Jorgensen of Denmark (Official Visit) -- State and the NSC -- recommend that he be invited for a visit in January when Jorgensen will be the President of the Council of the European Communities, *but I am doubtful.*

INVITE HIM IN JANUARY _____ OTHER _____

President Tito of Yugoslavia (State Visit) -- The Vice President has informally invited him. It is recommended that we follow-up with an invitation from you.

APPROVE ☒ _____ OTHER _____

President Ceausescu of Romania (State Visit) -- The Romanians are quite anxious for an early meeting. You may recall there was general agreement when you met with Pungan.

APPROVE ☒ _____ (State/NSC recommend) DISAPPROVE _____

Middle East

President Zayid of the United Arab Emirates -- State and the NSC recommend that he be invited, *but I am doubtful.*

APPROVE _____ DISAPPROVE _____

President Boumediene of Algeria (State Visit) -- You asked him to consider an early meeting with you and he is very much interested in such a meeting.

INVITE HIM FIRST HALF _____ (NSC recommends)
SECOND HALF ----- (State recommends)

why?

Prime Minister Nouria of Tunisia (Official Visit) -- Nouria has accepted your invitation.

INVITE HIM FIRST HALF _____ (State recommends)
SECOND HALF ----- (NSC recommends)

why?

~~CONFIDENTIAL~~

CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

Date: August 16, 1977

MEMORANDUM

FOR ACTION:

Tim Kraft

See attached

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Confidential Brzezinski memo dated 8/16/77 re Schedule Clarifications.

~~CONFIDENTIAL~~

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 17, 1977

~~CONFIDENTIAL~~

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: August 16, 1977

MEMORANDUM

FOR ACTION:

Tim Kraft

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Confidential Brzezinski memo dated 8/16/77 re Schedule Clarifications.

~~CONFIDENTIAL~~YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 17, 1977

~~CONFIDENTIAL~~

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.☐ No comment.

Please note other comments below:

All I can say is that this memo is the third (+ contradictory) reference to a Zagid visit within a wk. — In the previous two memos Zbig questioned the need for a mtg. in the 2nd half of '78 — This one proposes an invite for Spring of '78 — let's put it on hold

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

TH

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

August 16, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *ZB*
SUBJECT: Schedule Clarifications

1. You asked that two weeks be set aside in your schedule this fall, free of any visitors. I will work this out. Am I right in assuming that you may wish to take that time for the trip that you and I have on occasion discussed? *(It looks like Oct. 20 - Nov. 15)*

Yes _____ No _____

2. As the enclosed sheet indicates, you did not check off on Jorgensen of Denmark and Zayid of United Arab Emirates. The recommendation to invite Jorgensen is based on the fact that he will be the head of the Council of the European Communities. My doubt is based on the fact that you have a heavy schedule already and that you saw him in London during the Summit.

The recommendation to invite Zayid is due to the fact that the UAE has been very sound and positive on oil prices and quite helpful to us. My doubt is due to the fact that you have met a lot of Arabs already and that nothing more is to be gained at this stage.

With respect to Boumediene of Algeria and Nouria of Tunisia, the disagreement between State and NSC on sequence can be explained as follows: Tunisia is more friendly to us and hence State favors inviting Nouria first; I favor inviting Boumediene first because Algeria is potentially much more important both economically and politically. Boumediene has been giving indications of some shift away from a radical position, and he could be quite helpful to you in regards both to the Middle Eastern problem and to African issues more generally. He is also more of a world statesman than Prime Minister Nouria (who is a subordinate of President Bourguiba).

~~CONFIDENTIAL~~~~CONFIDENTIAL~~

DECLASSIFIED

Per: Rac Project

ESDN: NLC-12C-8-41-1-7

BY *JFS* NARA DATE *2/6/13*

~~CONFIDENTIAL~~

-2-

DECISIONS:

Jorgensen - invite for January _____

postpone _____

Zayid - invite during Spring of '78 _____

postpone _____

Boumediene - invite during the first half of '78 _____

invite during second half of '78 _____

Nouira - invite during first half of '78 _____

invite during second half of '78 _____

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

CONFIDENTIAL

STATE AND NSC
RECOMMENDATIONS OF STATE/OFFICIAL VISITS
FOR JANUARY TO JUNE, 1978

Europe

Prime Minister Jorgensen of Denmark (Official Visit) -- State and the NSC recommend that he be invited for a visit in January when Jorgensen will be the President of the Council of the European Communities, *but I am doubtful.*

INVITE HIM IN JANUARY _____ OTHER _____

President Tito of Yugoslavia (State Visit) -- The Vice President has informally invited him. It is recommended that we follow-up with an invitation from you.

APPROVE ☒ _____ OTHER _____

President Ceausescu of Romania (State Visit) -- The Romanians are quite anxious for an early meeting. You may recall there was general agreement when you met with Pungan.

APPROVE ☒ (State/NSC recommend) DISAPPROVE _____

Middle East

President Zayid of the United Arab Emirates -- State and the NSC recommend that he be invited, *but I am doubtful.*

APPROVE _____ DISAPPROVE _____

President Boumediene of Algeria (State Visit) -- You asked him to consider an early meeting with you and he is very much interested in such a meeting.

INVITE HIM FIRST HALF _____ (NSC recommends)
SECOND HALF ----- (State recommends)

why?

Prime Minister Nouria of Tunisia (Official Visit) -- Nouria has accepted your invitation.

INVITE HIM FIRST HALF _____ (State recommends)
SECOND HALF ----- (NSC recommends)

why?

~~CONFIDENTIAL~~

CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

~~SECRET - XGDS(2)~~

August 18, 1977

~~SECRET~~

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI *zb*

SUBJECT:

Correspondence with President Siad of Somalia

President Siad sent back a letter with Ambassador Addou (Tab C) thanking you for the book of space photographs you had the Ambassador bring to him in June. He also praised your foreign policy and expressed hope for continuing improvement in US-Somali relations.

Everyone was at first inclined to think that President Siad's letter required no reply, since it is essentially a thank you note. State feels, however, that in light of the Somali invasion of Ethiopia, it would be good to seize the opportunity to reply to Siad's letter to deliver him a polite wristslapping and has drafted a letter designed to do this (Tab B). I am not sure that such a letter might not have a harsher effect than we want at the present time. If we want to convey a bit of coolness without getting into specifics, I suggest a letter acknowledging receipt of his and claiming political credit for the help Siad has received from the Saudis, French, and others. Since we have not given him anything, a purely negative response would be damaging to our efforts to detach Somalia from the Soviet Union; hence let us claim credit for the help that he has gotten from others, without directly giving any at this time. I feel this is right and more effective.

RECOMMENDATION:

That you sign the letter at Tab A.

Approve _____

Disapprove ☒ _____*Original to ZB*
7/18~~SECRET - XGDS(2)~~

DECLASSIFIED

Per, Rac Project

ESDN; NLC-126-8-41-2-6

BY 125 NARA DATE 2/6/13

THE WHITE HOUSE

WASHINGTON

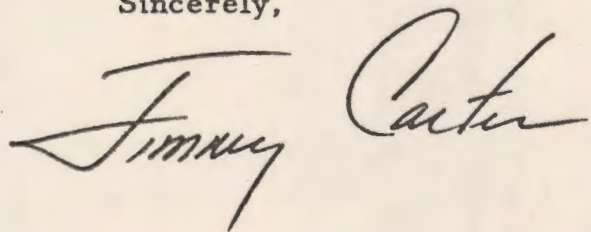
Dear Mr. President:

Thank you for your kind letter of July 27 delivered by Ambassador Addou. I am gratified that you see a new and admirable spirit in American foreign policy.

We are revitalizing our relationship during a period of marked change in the region of the Horn of Africa and the Red Sea. As has been emphasized during the conversations with your delegation this past week, we are concerned that the nations of the area have the capability to defend their existing territory and that our efforts to that end contribute to regional peace and stability. Consequently, I would hope that your statesmanship and influence will help to bring about an early cessation of hostilities in the Ogaden and that a peaceful resolution of the dispute can be arranged. This would facilitate the strengthening of the ties between our two countries.

I look forward to the time when we personally may share our views on the pressing issues of our age. Until then I believe we are fortunate to be relying on such valued intermediaries as Ambassador Addou and Ambassador Loughran in the effort to draw our two nations and peoples closer together.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. "Jimmy" is written in a more compact, rounded script, while "Carter" is more elongated and features a prominent, sweeping flourish at the end.

His Excellency
Major General Mohamed Siad Barre
President of the
Somali Democratic Republic
Mogadiscio

STATEMENT RE BERT LANCE

I

THE PRESIDENT HAS SEEN.

I HAVE REVIEWED THE REPORT OF
THE COMPTROLLER BOTH PERSONALLY AND
WITH WHITE HOUSE LEGAL COUNSEL
ROBERT LIPSHUTZ.

MY FAITH IN THE CHARACTER AND
COMPETENCE OF BERT LANCE HAS BEEN
RECONFIRMED. I CAN SEE NO OTHER
CONCLUSION THAT CAN BE DRAWN FROM ANY
OBJECTIVE ANALYSIS OF THESE FINDINGS.

FEW INDIVIDUALS IN OR OUT OF
GOVERNMENT HAVE EVER UNDERGONE SUCH
AN EXTENSIVE AND DETAILED INVESTIGATION
OF THEIR PERSONAL AND BUSINESS AFFAIRS
-- BY THE COMPTROLLER'S OFFICE, BY THE

JUSTICE DEPARTMENT, AND TWICE BY
SENATE COMMITTEE.

I WOULD VENTURE TO SAY THAT
THERE ARE FEW IN THIS NATION IN ANY
FIELD WHO COULD UNDERGO SUCH AN
INVESTIGATION OF EXTENSIVE AND
FINANCIAL MATTERS
COMPLICATED ~~AFFAIRS~~ AND COME UP
WITH AS CLEAN A BILL OF HEALTH AS
BERT LANCE.

no

THIS PROCESS HAS NOT BEEN AN
EASY ONE FOR BERT OR THOSE CLOSE TO
HIM. BUT I THINK I SPEAK FOR HIM AND
HIS FAMILY AS WELL AS MYSELF WHEN I
SAY THAT ~~[THERE IS NO FEELING OF
BITTERNESS OR DEFENSIVENESS.]~~ WE
ALL RECOGNIZE THAT INTENSE SCRUTINY
IS A ^{LEGITIMATE} PART OF PUBLIC SERVICE.

IF
WE ALL UNDERSTAND THAT, ^{IN} OUR
UNDERSTANDABLY BIASED JUDGMENT, ~~WE~~
MISTAKES OR INACCURACIES HAVE OCCURRED,
THEY HAVE NOT BEEN INTENTIONAL OR
MOTIVATED BY ANY PERSONAL VENDETTA ^{no}
AGAINST BERT LANCE OR THIS ADMINISTRATION
-- BUT ARE SIMPLY A RESULT OF THE
HUMAN FRAILTY THAT AFFLICTS US ALL
-- THOSE WHO REPORT AS WELL AS THOSE
WHO MAKE THE NEWS.

(MR. PRESIDENT, THERE IS SOME RISK IN
USING THIS PARAGRAPH. IF YOU DECIDE TO
USE IT, DO NOT MAKE IT ANY STRONGER.
IT IS VERY CAREFULLY WORDED.)

I WANT TO CONCLUDE BY THANKING
BERT LANCE FOR STANDING FIRM THROUGH
DIFFICULT TIMES DURING THE PAST SEVERAL
WEEKS AND FOR CONDUCTING HIMSELF IN
EVERY RESPECT AS A GENTLEMAN AND A
MAN OF INTEGRITY.

HE IS MY FRIEND, BUT THAT IS NOT
IMPORTANT BECAUSE THE NATURE OF FRIENDSHIP
IS THAT ~~E~~ WE LOVE OUR FRIENDS EVEN WHEN no
THEY HAVE DONE WRONG.

WHAT IS IMPORTANT IS THAT BERT
LANCE ^{IS A MAN OF COMPETENCE & INTEGRITY AND} ~~HAS DONE NO WRONG AND THAT~~ HIS
SERVICES ~~TO THIS ADMINISTRATION AND~~ TO
THE COUNTRY CAN AND SHOULD CONTINUE.

BERT LANCE ENJOYS MY COMPLETE
CONFIDENCE AND SUPPORT. I AM PROUD TO

HAVE HIM AS A PART OF MY ADMINISTRATION.

AS HE HAS BEEN THROUGHOUT, ~~BERT~~ *Mr. L...*
IS NOW AVAILABLE TO ANSWER ANY QUESTIONS
YOU MAY HAVE.

STATEMENT RE BERT LANCE

THE PRESIDENT HAS BEEN.

I HAVE REVIEWED THE REPORT OF THE COMPTROLLER
BOTH PERSONALLY AND WITH WHITE HOUSE LEGAL COUNSEL
ROBERT LIPSHUTZ.

MY FAITH IN THE CHARACTER AND COMPETENCE OF
BERT LANCE HAS BEEN RECONFIRMED.

I CAN SEE NO OTHER CONCLUSION THAT CAN BE DRAWN
FROM ANY OBJECTIVE ANALYSIS OF THESE FINDINGS.

FEW INDIVIDUALS IN OR OUT OF GOVERNMENT HAVE
EVER UNDERGONE SUCH AN EXTENSIVE AND DETAILED INVESTIGATION
OF THEIR PERSONAL AND BUSINESS AFFAIRS -- BY THE
COMPTROLLER'S OFFICE, BY THE JUSTICE DEPARTMENT, AND
TWICE BY SENATE COMMITTEE.

THIS PROCESS HAS NOT BEEN AN EASY ONE FOR BERT
OR THOSE CLOSE TO HIM.

BUT I THINK I SPEAK FOR HIM AND HIS FAMILY
AS WELL AS MYSELF WHEN I SAY THAT WE ALL RECOGNIZE
THAT INTENSE SCRUTINY IS A LEGITIMATE PART OF PUBLIC
SERVICE.

I WANT TO CONCLUDE BY THANKING BERT LANCE FOR
STANDING FIRM THROUGH DIFFICULT TIMES DURING THE PAST
SEVERAL WEEKS AND FOR CONDUCTING HIMSELF IN EVERY
RESPECT AS A GENTLEMAN AND A MAN OF INTEGRITY.

WHAT IS IMPORTANT IS THAT BERT LANCE IS A MAN
OF COMPETENCE AND INTEGRITY AND HIS SERVICES TO THE
COUNTRY CAN AND SHOULD CONTINUE.

BERT LANCE ENJOYS MY COMPLETE CONFIDENCE AND
SUPPORT.

I AM PROUD TO HAVE HIM AS A PART OF MY
ADMINISTRATION.

AS HE HAS BEEN THROUGHOUT, MR. LANCE IS NOW
AVAILABLE TO ANSWER ANY QUESTIONS YOU MAY HAVE.

#

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 18, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze **CLS**

Subject: Arthur Burns' Recent Commencement Speech on
the Independence of the Federal Reserve

Arthur Burns has spent a large part of his life warning the public about the evils of inflation. During his period as Chairman of the Federal Reserve Board, he has come to the view that the Federal Reserve's independence is our main hope for avoiding the eventual economic and social ruin that he believes inflation would ultimately engender.

I would not regard his speech principally as a reaction to critical Administration comments on Federal Reserve policy this year. Burns has been concerned for some time about what he believes to be Congressional efforts to reduce the independence of the Fed. (He made another commencement speech on the same subject just a little over a year ago). For example, he has fought GAO audit of the Fed like a tiger, and he has been deeply worried about the "Federal Reserve Reform Act" introduced in this session of Congress by Henry Reuss.

Burns has an effective debating technique for dealing with critics of monetary policy. He encourages his audience to interpret minor disagreements about policy as major ideological issues, on which the critic is subtly characterized -- through careful choice of language -- as either naive, shortsighted, or malicious. Two quotes from his speech are illustrative:

- (1) "When the System's actions depart, as they occasionally have, from the way in which the Executive Branch would wish it to act, that is generally because the System tends to take a longer-range view of the Nation's welfare."
- (2) "...such proposals (to put the System under tighter rein) not infrequently come from individuals who are basically dissatisfied with what they regard as excessive Federal Reserve concern with battling inflation. The element of populism in all this is strong....."

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for Preservation Purposes**

Another Burns' debating technique -- which you may have noted in our Quadriad lunches -- is to convert even modest criticism of Fed actions into wildly inflationary recommendations. An example from the speech:

"In a period of rising demand for funds, a determined effort by the System to keep interest rates down could quickly turn the Federal Reserve into something akin to the engine of inflation that it was during the early Korean War."

No one is proposing that the Fed peg interest rates at some fixed level. The disagreement is about such matters as a 6 vs. a 7 percent increase in the money supply.

There is one aspect of this speech that is a bit disturbing. In the past, Burns has said publicly that the Federal Reserve is obligated to promote the economic goals of the nation, as established by the Congress. He does not make an explicit statement about that issue in this speech, but the tone of the address is at some points almost defiant. For example, he states that "The Federal Reserve System, I assure you, will not be deterred by the drumbeat of dubious propositions concerning money and interest rates. We are determined to continue on a path of further gradual unwinding of the inflationary tendencies that have become so deeply embedded in our economic life."

An extreme view of the Federal Reserve's independence would be that it has the authority under law to decide for itself the priorities it should assign to competing economic goals, independently of the will of Congress. I might note, in this respect, that Burns used a Supreme Court analogy to describe the position of the Federal Reserve Board in his independence speech a year ago. If the Board were to state publicly that it had final authority to determine the national economic goals it should pursue, it would almost certainly find itself in hot water with the Congress. But without so stating, it can still move a long way in that direction.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 18, 1977

MEMORANDUM FOR: The President

FROM: Greg Schneiders *Greg*

SUBJECT: The Western Forest Fires

Status

The only large fires continuing to burn are in Alaska and California. In California, the Marble-Cone fire near Big Sur has consumed 158,000 acres of forest but is very nearly under control. All of the other fires in that state are now contained.

There have been a total of 1392 fires since July 23, mostly caused by dry lightening storms coupled with the severe drought conditions. 390,000 acres have been affected at a total Federal-State suppression cost of \$50 million. At the height of the fire there were 10,000 fire fighters active in the state. The losses - federal, state and private - will run into the hundreds of millions of dollars. Outside of Santa Barbara no lives or structures have been seriously threatened.

Interagency and Federal-State Coordination

Coordination of the federal effort involving primarily the National Forest Service (Agriculture) and the Bureau of Land Management (Interior) and to a lesser extent five other agencies, is good. The Interagency Fire Control Center in Boise, Idaho coordinates fire suppression nationally. Within each state smaller interagency command centers are established and work reasonably well. More work is needed in this area.

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The State of California and the federal agencies are working well together. I met with Governor Brown and he is quite satisfied. Again, further improvements could be made in federal-state cooperation.

Reorganization

1. The division of responsibility for federal lands among the Bureau of Land Management, U. S. Forest Service, U. S. Park Service and the Bureau of Indian Affairs leads to some unnecessary duplication and inefficiency, particularly in a crisis situation. I will be bringing this problem to the attention of OMB.
2. The forest fire situation is just another example of the need for a nationally standardized federal-state-local-private disaster preparedness and response network to handle everything from transportation and industrial accidents up to nuclear disaster. I have begun working with Jack and Stu, Bardyl Tirana, Joel Soloman, FDAA and OMB on this problem.

Further Problems

We can expect soil erosion, crop damages, flooding and other problems this fall particularly if the area receives normal rainfall. An inspection of any dams of questionable stability in populated areas is in order. (I will look into this.) We are doing all that we legally can, which is not much, to aid in the prevention of these problems.

FEDERAL INVOLVEMENT IN FOREST FIREFIGHTING

	<u>Federal Lands</u>	<u>State Lands</u>	<u>Private Lands</u>
Presuppression (Preparedness)	As much as necessary	\$20 million to be allocated among the 50 states (Clark McNarry Act 1924)	Whatever Clark McNarry funds the states make available
Suppression	As much as necessary (\$200 million - 1977	70% above a threshold based on past experience; 100% beyond second threshold (FDAA)	Pass through from states of FDAA funds
Emergency Rehabilitation (Erosions, Flooding, etc.)	As much as necessary through supplemental	\$300,000 appropriated, supplemental available - has been as much as \$65 million per year. (Flood Control Act - 1950, Sec. 216)	Pass through from states
Long-term Rehabilitation (Regeneration)	As much as necessary through supplemental	None	None

THE WHITE HOUSE
WASHINGTON

August 18, 1977

Secretary Blumenthal -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Tim Kraft
Jack Watson
Jim Fallows
Re: Presidential Welcome to
IMF/IBRD Annual Meeting

THE WHITE HOUSE
WASHINGTON

Mr. President:

Tim recommends declining, to
hold all available time for
Congressional business.

NSC concurs with Secretary
Blumenthal's recommendation.

Rick



THE PRESIDENT HAS SEEN.

THE SECRETARY OF THE TREASURY
WASHINGTON

AUG 15 AM 6:17
MEMORANDUM FOR THE PRESIDENT

Subject: Presidential Welcome to IMF/IBRD Annual Meetings

The world's financial leaders will convene in Washington on Monday, September 26, 1977 for the opening of the Annual Meetings of the International Monetary Fund and the World Bank Group.

Every U.S. President has addressed one or more of the Annual Meetings to take place during his Administration, and the same is done in other host countries when the meetings are held outside the United States. This year Finance Ministers, Central Bank Governors, and officials from Economic Development Ministries from 131 nations will meet for a week of intensive discussion. I think it is important for you to maintain the tradition of a Presidential welcome and address the first Annual Meeting held during your Administration. A brief address would stress for our own citizens and for the world the importance which your Administration attaches to the International Financial Institutions.

Your address would be delivered at the Sheraton Park Hotel on September 26 between about 10:00 and 10:30 a.m. If you agree to speak, I will forward some of my own suggestions on what you might wish to say.

Mike

W. Michael Blumenthal

Approve _____

Disapprove _____

only -
Tentative ok Let me
see remarks

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THE WHITE HOUSE

WASHINGTON

Date: August 15, 1977

MEMORANDUM

FOR ACTION:

Tim Kraft

see attached

FOR INFORMATION:

Stu Eizenstat

Jack Watson

Charlie Schultze

✓ concur

Zbig Brzezinski

concur

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Blumenthal memo dated 8/15/77 re Presidential
welcome to IMF/IBRD annual meetings

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 17, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: August 15, 1977

MEMORANDUM

FOR ACTION:
Tim Kraft

FOR INFORMATION:
 Stu Eizenstat
 Jack Watson
 Charlie Schultze
 Zbig Brzezinski

*cc
 Tim Smith
 Jon Voorde
 H. Donaldson*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Blumenthal memo dated 8/15/77 re Presidential
 welcome to IMF/IBRD annual meetings

YOUR RESPONSE MUST BE DELIVERED
 TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 17, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

*As President has said
 before he's "not looking for a
 forum..." We are trying to
 save all available time for
 Congressional business - recommend
 we hold this appearance for
 next year — TK*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required
 material, please telephone the Staff Secretary immediately. (Telephone, 7052)



THE SECRETARY OF THE TREASURY
WASHINGTON

1977 AUG 15 AM 6:17
MEMORANDUM FOR THE PRESIDENT

Subject: Presidential Welcome to IMF/IBRD Annual Meetings

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Your address would be delivered at the Sheraton Park Hotel on September 26 between about 10:00 and 10:30 a.m. If you agree to speak, I will forward some of my own suggestions on what you might wish to say.

Mike

W. Michael Blumenthal

Approve _____

Disapprove _____

✓ TH

THE WHITE HOUSE
WASHINGTON

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
	/	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
	/	WATSON
		LANCE
	/	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

<input checked="" type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
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<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

MEMORANDUM

NATIONAL SECURITY COUNCIL

August 17, 1977

MEMORANDUM FOR: RICK HUTCHESON

FROM: CHRISTINE DODSON *Christine*

SUBJECT: Presidential Address at
Annual IMF/IBRD Meeting

The NSC staff concurs with Secretary Blumenthal's recommendation that the President address the annual meeting of the IMF and World Bank Group.

THE WHITE HOUSE
WASHINGTON

August 18, 1977

Jack A. Crockford:

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

Re: Fish Kill at Lake Lanier
Fish Hatchery

cc Frank Reed

THE PRESIDENT HAS SEEN.

cc: Crockford
J

THE WHITE HOUSE

WASHINGTON

August 17, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Press *HP*

SUBJECT: Fish Kill at the Lake Lanier Fish Hatchery --
Letter from Jack Crockford

We have been looking into the Lake Lanier Fish Hatchery fish kill and have talked with experts in the field as well as the investigators in Georgia.

There appears to be no cause for alarm that the actual conditions which caused the trout fish kill at Lake Lanier Fish Hatchery are widespread. Only one of the 89 Federal fish hatcheries have reported a fish kill with manganese as cause -- the Greer Ferry Federal Hatchery in Arkansas, as the Georgia investigators reported. This hatchery uses water drawn from a flooded area in which there had previously been strip mining and withdrew it from a level where the concentration of manganese was high. The intake level is being modified.

Though not typically in such concentration as at Greer Ferry, manganese is nonetheless ubiquitous. However, it does not go easily into solution in normally oxygenated water. As the water in lakes and reservoirs becomes increasingly stratified towards the end of the summer and early fall, the concentration of manganese in the bottom water layer increases as the manganese is picked up from the sediment in the absence of oxygen. Thus, an intake from bottom water can be heavy with manganese.

Manganese oxidizes rapidly and precipitates out of solution. Thus, oxygenation will remove it. But combination with complex organic material could keep some in solution. We are interested in the novel suggestion by the investigators for the Georgia Department of Natural Resources that a combination of manganese and organic materials may have caused the fish kill. Most reports relate to toxicity from manganese alone.

Manganese is an essential material for man and animals. The National Academy of Sciences reports that "Manganese pollution of water appears not to be a problem, except under very unusual circumstances." The standard for manganese in fresh water supplies is far below the toxic level for humans, because the standards are based on aesthetics -- manganese blackens laundry, plumbing, causes odors, even in minute quantities. Less is known about the effect on human or animal health of manganese combined with the organic material in water which might persist after treatment. This should now be looked into as a result of the Georgian experience, and I will alert EPA.

Jack Crockford has drawn on very competent specialists. However, we will see that other experts consult with them on their finding. Wider consideration of their hypothesis would develop evidence that could help confirm or reject the proposed mechanism and may explain heretofore unexplained fish kills such as have occurred in swamps in late summer.

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for Preservation Purposes



Department of Natural Resources

GAME AND FISH DIVISION
270 WASHINGTON ST., S.W.
ATLANTA, GEORGIA 30334
(404) 656-3500

Joe B. Tanner
COMMISSIONER

Jack Crockford
DIVISION DIRECTOR

August 8, 1977

*To Frank Press.
Have someone look
into this & report
assessment to me
J.C.*

The Honorable Jimmy Carter
United States President
The White House
Washington, D. C.

Dear President Carter:

It was a real pleasure to see you on August 2, and I appreciate very much the time you were able to spend with me.

As per our discussion, I am attaching a short summary of the Lake Lanier Trout Hatchery problem along with a summary report of the work done last fall at the time of the mortality. It seems to me that this problem has serious implications far beyond this particular reservoir and in fact beyond fish and wildlife interests. We would appreciate very much your referring this problem to Dr. Frank Press for his review and evaluation. We will of course continue our work with the problem and would be happy to furnish whatever data becomes available to us.

*Frank -
I agree
J*

Again, it was a real pleasure to see you and to meet Vice-President Mondale, and I hope that you will have the opportunity for a woodcock shoot in Georgia this winter.

Sincerely,

Jack Crockford
Jack A. Crockford
Director

JAC:eb

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

August 18, 1977

Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat

RE: EXPORT CONTROL OF US
TECHNOLOGY

THE WHITE HOUSE
WASHINGTON

Mr. President:

Press, Eizenstat, Lipshutz,
Moore and Watson concur.

The Domestic Policy Staff
recommends that Stu Eizenstat
be included among the addressees
of the memo.

_____yes _____no

Rick

THE WHITE HOUSE
WASHINGTON

*Original
to ZB
addition
Picks note*

ACTION	FYI
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<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
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<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
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<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

~~CONFIDENTIAL~~

THE PRESIDENT HAS SEEN.

5133

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~ - GDS

ACTION

August 15, 1977

MEMORANDUM TO: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *23*
SUBJECT: Export Control of US Technology

*ok -
Add Eizenstat
J*

Growing trade from West to East over the past five years has heightened concern over technology transfer, especially to the Soviet Union. The adequacy and appropriateness of export controls have been increasingly called into question by the responsible Executive Agencies, the Congress and the business community. Some -- such as State, Commerce, and business -- argue that export controls are too stringent. Others -- DOD and Congress -- maintain that the controls are not sufficiently tight. To provide the basis for sound policy guidance on this complex and important issue, I recommend that you authorize a PRM directing a review of our policy on the export control of US technology (Tab I).

The PRM will provide you options for decision on key aspects of technology transfer policy, such as objectives, criteria, control measures, and organizational arrangements. The review will also provide the basis for Executive Branch reports on technology transfer mandated by recent legislation and for consistent Executive Branch testimony in upcoming Congressional hearings.

While there is interest in a comprehensive review of all aspects of technology transfer, all agencies agree that this PRM should focus on the control of technology, particularly to the Communist countries. The other key aspect of technology transfer is in the North-South context. Here the issues are promotional rather than restrictive in nature and involve considerations vastly different from those in the East-West context. Accordingly, I propose to treat the question of North-South technology transfer separately and will be submitting a directive on this for your approval.

RECOMMENDATION

That you authorize me to sign the PRM at Tab I on the export control of US technology.

Approve ✓

Other

Frank Press concurs.

12/5/89

~~CONFIDENTIAL~~ - GDS

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

CONFIDENTIAL GDS

Presidential Review Memorandum/NSC

TO: The Vice President
The Secretary of State
The Secretary of Defense

ALSO: The Secretary of Commerce
The Secretary of the Treasury
The Secretary of Labor
The Secretary of Energy
The Director, Office of Management & Budget
The Chairman, Council of Economic Advisers
The Director, Arms Control & Disarmament Agency
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence
The Administrator, National Aeronautical & Space
Administration
The Director, National Science Foundation
The Director, Office of Science & Technology Policy
The Chairman, Nuclear Regulatory Commission

SUBJECT: Export Control of US Technology

The President has directed that the SCC review our policy on the export control of US technology transfer to Communist countries. The review should develop options for Presidential decision concerning objectives, criteria, control measures, organizational arrangements, and possible legislative initiatives regarding export control. The review should provide the basis for reports on these matters called for by recent legislation and recommend guidelines for US participation in the upcoming review of the COCOM list.

The review should include:

- An examination of existing policy, criteria and current mechanisms for control of technology transfer and an evaluation of the degree to which the objectives of such control have been attained.

CONFIDENTIAL - GDS

12/5/89

- An assessment of the military, political, and economic implications for the US and its allies of technology transfer to the various Communist states and an evaluation of how trade-offs among these factors are and should be made. To place this assessment in perspective, an evaluation should be carried out of the implications for US of technology transfer to other industrial and Third World countries.
- An evaluation of which technologies, and in what form, are most in need of control, together with development of criteria and recommended procedures for carrying out such control.
- An analysis of the policies of COCOM and non-COCOM supplier states regarding the transfer of technology to Communist states, including the likelihood of obtaining cooperation by other key supplier countries.
- An assessment of the advantages and disadvantages of establishing varying standards of export control for specific Communist states, together with development of criteria and procedures for applying such control.
- Identification of the interaction between export control and US policies on related issues (non-proliferation, arms transfers, and North-South technology transfer).

The review should draw on existing PRM responses and other studies. It will be chaired by Ben Huberman on behalf of the NSC and OSTP staffs. It should be submitted for discussion by the SCC by November 1, 1977.

There will be a follow-on interagency study dealing with the use of US technology transfer as a positive influence in North-South relations.

Zbigniew Brzezinski

THE WHITE HOUSE

WASHINGTON

Date: August 17, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat - *see attached*
Bob Lipshutz - *see comments*
Frank Moore - *concur*
Jack Watson - *concur*

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: ~~CONFIDENTIAL~~ memo dated 8/15/77 re Export Control of U.S.
Technology

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 17, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

Date: August 17, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat

Bob Lipshutz

Frank Moore

Jack Watson

see attached
see comments
concur
concur

FOR INFORMATION:

The Vice President

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Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input checked="" type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

gms
8/17
Jack Noon

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input checked="" type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

WASHINGTON

Date: August 17, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Frank Moore
Jack Watson

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: ~~CONFIDENTIAL~~ memo dated 8/15/77 re Export Control of U.S.
Technology

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 17, 1977

ACTION REQUESTED:

☒ Your comments
Other:

STAFF RESPONSE:

☒ I concur. *RA*

☐ No comment.

Please note other comments below:

*For security purposes I suggest
similar considerations be given
to these matters, regardless of the
countries of destination.
8/17/77 *RA**

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required
material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: August 17, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Frank Moore
Jack Watson

FOR INFORMATION:

The Vice President

*cc Camp
Ginsburg
Joanne*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: ~~CONFIDENTIAL~~ memo dated 8/15/77 re Export Control of U.S. Technology

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 17, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

I concur with the contents of the PRM.

The addressees should include Assistant to the President
for Domestic Affairs and Policy

DR

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

Date: August 17, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Frank Moore
Jack Watson

FOR INFORMATION:

The Vice President

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: ~~CONFIDENTIAL~~ memo dated 8/15/77 re Export Control of U.S.
Technology

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 17, 1977

ACTION REQUESTED:

☒ Your comments
Other:

STAFF RESPONSE:

☐ I concur. ☐ No comment.
Please note other comments below:

Concur - Tate (Senate)
OK - U.F. Pivins (H-H)
Concur *[Signature]*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

~~CONFIDENTIAL~~

5133

THE WHITE HOUSE

CONFIDENTIAL - GDS

WASHINGTON

ACTION

August 15, 1977

MEMORANDUM TO: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *23*
SUBJECT: Export Control of US Technology

Growing trade from West to East over the past five years has heightened concern over technology transfer, especially to the Soviet Union. The adequacy and appropriateness of export controls have been increasingly called into question by the responsible Executive Agencies, the Congress and the business community. Some -- such as State, Commerce, and business -- argue that export controls are too strigent. Others -- DOD and Congress -- maintain that the controls are not sufficiently tight. To provide the basis for sound policy guidance on this complex and important issue, I recommend that you authorize a PRM directing a review of our policy on the export control of US technology (Tab I).

The PRM will provide you options for decision on key aspects of technology transfer policy, such as objectives, criteria, control measures, and organizational arrangements. The review will also provide the basis for Executive Branch reports on technology transfer mandated by recent legislation and for consistent Executive Branch testimony in upcoming Congressional hearings.

While there is interest in a comprehensive review of all aspects of technology transfer, all agencies agree that this PRM should focus on the control of technology, particularly to the Communist countries. The other key aspect of technology transfer is in the North-South context. Here the issues are promotional rather than restrictive in nature and involve considerations vastly different from those in the East-West context. Accordingly, I propose to treat the question of North-South technology transfer separately and will be submitting a directive on this for your approval.

RECOMMENDATION

That you authorize me to sign the PRM at Tab I on the export control of US technology.

Approve _____ Other _____

Frank Press concurs.

CONFIDENTIAL - GDS

12/5/89
~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

CONFIDENTIAL GDS

Presidential Review Memorandum/NSC

TO: The Vice President
The Secretary of State
The Secretary of Defense

ALSO: The Secretary of Commerce
The Secretary of the Treasury
The Secretary of Labor
The Secretary of Energy
The Director, Office of Management & Budget
The Chairman, Council of Economic Advisers
The Director, Arms Control & Disarmament Agency
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence
The Administrator, National Aeronautical & Space
Administration
The Director, National Science Foundation
The Director, Office of Science & Technology Policy
The Chairman, Nuclear Regulatory Commission

SUBJECT: Export Control of US Technology

The President has directed that the SCC review our policy on the export control of US technology transfer to Communist countries. The review should develop options for Presidential decision concerning objectives, criteria, control measures, organizational arrangements, and possible legislative initiatives regarding export control. The review should provide the basis for reports on these matters called for by recent legislation and recommend guidelines for US participation in the upcoming review of the COCOM list.

The review should include:

- An examination of existing policy, criteria and current mechanisms for control of technology transfer and an evaluation of the degree to which the objectives of such control have been attained.

CONFIDENTIAL - GDS

12/5/81

- An assessment of the military, political, and economic implications for the US and its allies of technology transfer to the various Communist states and an evaluation of how trade-offs among these factors are and should be made. To place this assessment in perspective, an evaluation should be carried out of the implications for US of technology transfer to other industrial and Third World countries.
- An evaluation of which technologies, and in what form, are most in need of control, together with development of criteria and recommended procedures for carrying out such control.
- An analysis of the policies of COCOM and non-COCOM supplier states regarding the transfer of technology to Communist states, including the likelihood of obtaining cooperation by other key supplier countries.
- An assessment of the advantages and disadvantages of establishing varying standards of export control for specific Communist states, together with development of criteria and procedures for applying such control.
- Identification of the interaction between export control and US policies on related issues (non-proliferation, arms transfers, and North-South technology transfer).

The review should draw on existing PRM responses and other studies. It will be chaired by Ben Huberman on behalf of the NSC and OSTP staffs. It should be submitted for discussion by the SCC by November 1, 1977.

There will be a follow-on interagency study dealing with the use of US technology transfer as a positive influence in North-South relations.

Zbigniew Brzezinski

12/5/79

THE WHITE HOUSE
WASHINGTON
August 18, 1977

Bob Lipshutz

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: PLAINS, GEORGIA - SECRET SERVICE
PROTECTION

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
✓		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

TO: The President

FROM: Bob Lipschutz

For your information.

THE PRESIDENT HAS SEEN.

August 16, 1977

*Let me
no terms before
agreement
J*

MEMORANDUM FOR THE FILE

FROM: Bob Lipshutz

SUBJECT: Plains, Georgia -- Secret Service Protection

On Monday, August 15, 1977, I reviewed this matter with Mr. Kelley of the Secret Service.

We agreed that he would proceed to negotiate with Mr. and Mrs. Gnann concerning leasing a portion of their property on which the Secret Service headquarters could be located.

There are two alternatives: lease the existing residence but leave a sufficient parcel of land fronting on Church Street on which Mr. and Mrs. Gnann could build a new home; or lease a strip of land for the purpose of constructing a Secret Service building itself on the vacant land and leaving the residence for Mr. and Mrs. Gnann.

Mr. Kelley is going to proceed with this matter in conjunction with General Services Administration and report back to us promptly.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

August 18, 1977

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI *ZB.*

SUBJECT:

Letter to President of Djibouti

State has prepared a reply (Tab A) to the letter which Hassan Gouled Aptidon, President of Djibouti, wrote to you on June 30, 1977 (Tab B).

His letter is a response to your message of congratulations.

The reply is warm and friendly in tone and mentions only two matters of substance: the possibility of cooperation in the area of economic development (something Djibouti may well need urgently if Ethiopian transit trade remains cut off) and the level of our representation in Djibouti, which we want to keep at the chargé level for the time being.

That is why another letter may be useful.

RECOMMENDATION:

That you sign the attached letter at Tab A.

Attachments

original to ZB
7/18

X

THE WHITE HOUSE

WASHINGTON

Dear Mr. President:

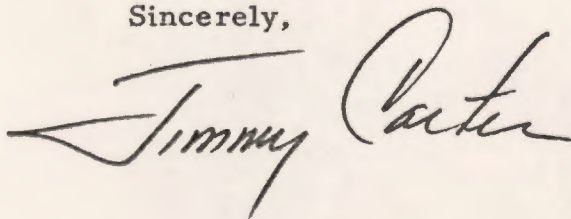
Your letter of June 30, conveyed to me through the good offices of Minister Kamil, sets forth a policy which accords with my own view of the proper relations between states. I am therefore particularly pleased that your country and mine will have an opportunity to work together on the international scene, and I am confident that we shall do so in an atmosphere of mutual consideration and respect.

Economic development is among the areas in which the United States and Djibouti can cooperate, and we look forward to participating with other friends of Djibouti in this effort.

We will keep under advisement the level of our representation as our relations develop. In the interim, I am sure that my Charge d'Affaires, Mr. Walter Clarke, will fully represent the views of my government, and will faithfully report the views of your government to me.

I have great confidence that the relationship between our two countries, which has begun so well, will flourish in the years ahead.

Sincerely,



President Hassan Gouled Aptidon
Republic of Djibouti

DECLASSIFIED
E.O. 12958, SEC. 3.5, (b)
WHITE HOUSE GIL
BY C AUGUST 26, 1997
TE 11/13/07

THE WHITE HOUSE
WASHINGTON
August 18, 1977

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

CONGRESSMAN JIM WRIGHT

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
	✓	MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
	BUTLER		MITCHELL
	CARP		POSTON
	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 17, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M.*
SUBJECT: CONGRESSMAN JIM WRIGHT (D-TEX)

Jim asked that I pass along two messages.

1. He has sent a telegram to all Democrats in the House asking them to avoid negative comments about the Panama Canal treaty until the Administration makes its case. Jim also said he would be glad to meet with us to devise a strategy for getting the businessmen in the Gulf states involved in the Latin America/Southeastern United States trade issues.

He said that he tried out some arguments against some right wingers while helping Ron Faucheux in New Orleans last Friday. These seemed to work, and he would be willing to help if he can in some way. *good*

2. He also said he gave some ABC people an one-hour interview in Houston for a report card on President Carter. They reported they had spent an hour with Senator Humphrey and could not get one single negative comment from Humphrey on the President, even on "what disturbs you the most about Carter?" Jim said all his comments were positive, and they ended up using none of his and the one comment from Humphrey. He wanted you to know he was very supportive in all of his speeches. *good*

cc: The Vice President

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

August 18, 1977

Bert Lance

For your information, the attached
Appropriation for the Department
of Commerce was signed by the
President and given to Bob Linder
for appropriate handling.

Rick Hutcheson

X



8/18/77
EXECUTIVE OFFICE OF THE PRESIDENT

• OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

THE PRESIDENT HAS SEEN.

August 16, 1977

SIGNATURE

MEMORANDUM FOR:

THE PRESIDENT

FROM:

BERT LANCE *BL*

SUBJECT:

Proposed Supplemental Appropriation for the Department of Commerce

Attached for your approval and signature is a fiscal year 1978 supplemental appropriation request for \$1,350,000 for the Secretarial Representative program of the Department of Commerce.

The program consists of 10 regional representatives of the Secretary and 26 support personnel. The chief function of the Secretarial Representatives is to coordinate and improve the Department's field operations. The Secretarial Representatives' duties include meeting with business leaders, mayors, and governors, and serving on the Department of Commerce's Regional Councils, the Federal Executive Boards, and the Federal Regional Councils.

The Department has historically not had the capability of providing strong management for its many disparate agencies. The representatives will be useful in strengthening the managerial role of the Secretary.

The Department of Commerce established the Secretarial Representative program in 1976 and has supported it with funding from the Secretary's reserve. (The reserve is derived out of a 1% set aside of the Department's appropriated salaries and expenses funds). However, as the Secretary's reserve is primarily to be used for emergencies and not for operational programs, specific funds for the continuation of the Secretarial Representative program are needed.

This proposal will increase budget outlays for fiscal year 1978 by \$1,350,000 over previous estimates.

Recommendation

That you approve this request and sign the letter transmitting this supplemental appropriation to the Congress.

Attachment

THE WHITE HOUSE

WASHINGTON

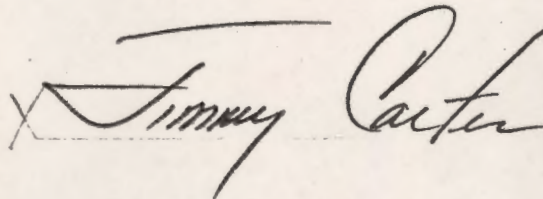
The Speaker of the
House of Representatives

Sir:

I ask the Congress to consider a supplemental appropriation for the fiscal year 1978 in the amount of \$1,350,000 for the Department of Commerce.

The details of this proposal are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive style with a large, sweeping "J" and "C".

Enclosure